

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Baltimore Division)**

In re:	*
	Case Nos. 01-6-4463 through 01-6-4485
RAILWORKS CORPORATION, <i>et al.</i> ,	* (Chapter 11)
	Jointly Administered under Case No.
Debtors.	* 01-6-4463

* * * * *

**ORDER (A) ESTABLISHING A RECORD DATE; (B)
ESTABLISHING NOTICE AND OBJECTION
PROCEDURES FOR CONFIRMATION OF THE
PLAN; (C) APPROVING SOLICITATION
PACKAGES AND PROCEDURES FOR
DISTRIBUTION; (D) APPROVING FORMS OF
BALLOTS AND ESTABLISHING PROCEDURES
FOR VOTING ON THE PLAN; AND (E)
APPROVING THE DISCLOSURE STATEMENT**

ENTERED

AUG 09 2002

CLERK'S OFFICE
U. S. BANKRUPTCY COURT
DISTRICT OF MARYLAND
BALTIMORE

Upon the motion (the "Motion") of RailWorks Corporation, *et al.*, as debtors and debtors in possession herein (collectively, the "Debtors"), seeking an order: (a) establishing, for voting purposes only, a record date for the holders of claims; (b) establishing notice and objection procedures for confirmation of the Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated June 18, 2002 (as amended and re-filed on August 2, 2002 and August 7, 2002, and as may be subsequently amended, modified or supplemented, the "Plan"); (c) approving the Solicitation Packages (as defined below) and procedures for distribution; and (d) approving forms of ballots and establishing procedures for voting on the Plan, as more fully set forth in the Motion; and it appearing that the Court has jurisdiction over this matter; and due and sufficient notice of the Motion and this order having been provided, and it appearing that no other or further notice need be provided; and it further appearing that the relief requested in the Motion is in the best interests of the Debtors, their

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creditors, and all parties in interest; and the Court having determined that the legal and factual basis set forth in the Motion establish just cause for the relief granted herein;

IT IS HEREBY FOUND THAT:

1. The Disclosure Statement to the Debtors' Plan (as updated and re-filed on August 2, 2002 and August 7, 2002, and as may be subsequently amended, modified or supplemented, the "Disclosure Statement") contains adequate information within the meaning of section 1125 of title 11 of the United States Code (the "Bankruptcy Code").

2. The forms of the ballots (the "Ballots") and master ballots (the "Master Ballots") annexed to the Motion as Exhibit C (provided the ballots for Class 9 shall be modified to provide for the Class 9 Cash Election (as defined in the Plan)) are sufficiently consistent with Official Form No. 14 and adequately address the particular needs of these chapter 11 cases and are appropriate for each class of claims or interests entitled under the Plan to vote to accept or reject the Plan.

3. Ballots need not be provided to: (a) holders of unimpaired claims in Classes 1 (Other Secured Claims), 2 (Priority Non-Tax Claims), 3 (Travelers Pre-Petition Bonds Claims), 4 (Interdebtor Claims) and 5 (Non-Debtor Subsidiaries Claims) because they are unimpaired and, therefore, conclusively presumed to accept the Plan; and (b) holders of claims in Classes 10 (510(c) Claims) and 11 (Existing Securities Law Claims) and holders of equity interests in Class 12 (Equity Interests) because they will retain and receive no property under the Plan and, therefore, are deemed to reject the Plan.

4. The period, set forth below, during which the Debtors may solicit acceptances to the Plan is a reasonable period of time for creditors to make an informed decision to accept or reject the Plan.

5. The procedures for the solicitation and tabulation of votes to accept or reject the Plan (as more fully set forth in the Motion) provide for a fair and equitable voting process and are consistent with section 1126 of the Bankruptcy Code.

6. The procedures set forth below regarding notice (the "Confirmation Hearing Notice") to all creditors of the time, date, and place of the hearing to confirm the Plan (the "Confirmation Hearing") and the contents of the Solicitation Packages (as defined below) comply with Rules 2002 and 3017 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and constitute sufficient notice to all interested parties.

NOW, THEREFORE, it is this 8th day of August 2002, hereby:

ORDERED that the Motion is granted; and it is further

ORDERED that all objections to the Disclosure Statement, if any, are hereby overruled to the extent they were not withdrawn or resolved on the record of the hearing on the Motion; and it is further

ORDERED that capitalized terms not otherwise defined herein have the meanings given to them in the Motion; and it is further

ORDERED that the Disclosure Statement is approved in all respects and as containing "adequate information" within the meaning of section 1125 of the Bankruptcy Code, and the Debtors are hereby authorized and empowered to solicit acceptances of the Plan in accordance with this Order; and it is further

ORDERED that manner of notice of the time set for the hearing to consider, and the procedures to be utilized in connection with preparing and filing objections to, the approval of the Disclosure Statement was adequate; and it is further

ORDERED that Solicitation Packages (as defined below) and Ballots (and Master Ballots as appropriate) are to be distributed to: (a) the holders of impaired claims in Classes 1a (Wood Waste Secured Claim), 6 (Non-Exit Lenders Pre-Petition Lenders Claims), 7 (Exit Lenders Pre-Petition Lenders Claims), 8 (Convenience Claims), and 9 (Unsecured Claims) under the Plan, which Classes are entitled to vote to accept or reject the Plan, *provided, however*, that holders of claims that are scheduled as contingent, unliquidated or disputed for which no proof of claim has been filed shall not receive Ballots; and it is further

ORDERED that, with respect to the Ballots to be distributed to holders of Senior Subordinated Notes Claims in Class 9, the Debtors are authorized to send Ballots to record holders of the Senior Subordinated Notes Claims, including, without limitation, brokers, banks, dealers or other agents or nominees (collectively, the “Master Ballot Agents”), and each Master Ballot Agent shall be entitled to receive reasonably sufficient copies of Solicitation Packages (as defined below), including Ballots, to distribute to the beneficial owners of claims for whom such Master Ballot Agent holds the Senior Subordinated Notes Claims, and the Debtors shall be responsible for each such Master Ballot Agent’s reasonable costs and expenses associated with the distribution of copies of Ballots to the beneficial owners of such claims and tabulation of the Ballots; and it is further

ORDERED that each such Master Ballot Agent shall forward the Ballot forms to the beneficial holders of the Class 9 Senior Subordinated Notes Claims in Class 9 as of the close of business on the Record Date within five (5) business days of the receipt by such Master Ballot Agents of the solicitation materials; and it is further

ORDERED that each Master Ballot Agent shall receive returned Ballots from the beneficial owners, tabulate the results, and return, *inter alia*, such results to Bankruptcy Services LLC ("BSI") in a Master Ballot by the Voting Deadline (as defined below); and it is further

ORDERED that the Master Ballot Agents shall complete the Master Ballots according to the instructions set forth in the Master Ballots; and it is further

ORDERED that Ballots sent to holders of Unsecured Claims in Class 9 shall provide that any holder of a claim in Class 9 will be deemed to have elected (a) to be treated as a holder of a Convenience Claim for classification, voting and all other purposes under the Plan, if such holder's claim is greater than \$1,000 and such holder elects to reduce its claim to the amount of \$1,000 on the Class 9 (Unsecured Claims) Ballot and accept the distribution set forth in Section 4.9 of the Plan, and (b) the Class 9 Cash Election to receive the Class 9 Cash Distribution if such holder elects such treatment as provided in Section 4.10(a)(ii) of the Plan; and it is further

ORDERED that a Solicitation Package (as defined below) and a notice of non-voting status, substantially in the form annexed to the Motion as Exhibit D, shall be distributed to all holders of claims or equity interests in Classes 1, 2, 3, 4 and 5 under the Plan, which Classes are deemed to accept the Plan; and it is further

ORDERED that a Confirmation Hearing Notice and a notice of non-voting status, substantially in the form annexed to the Motion as Exhibit E, shall be distributed to all holders of claims in Classes 10 and 11 under the Plan, which Classes are deemed to reject the Plan; and it is further

ORDERED that a Confirmation Hearing Notice and a notice of non-voting status, substantially in the form annexed to the Motion as Exhibit F, shall be distributed to all holders of

equity interests in Class 12 under the Plan, which Class is deemed to reject the Plan; and it is further

ORDERED, that with respect to those members of Class 12 who are holders of the Debtors' publicly traded stock, the Debtors shall distribute or cause to be distributed the Confirmation Hearing Notice and notices of non-voting status, substantially in the form annexed to the Motion as Exhibit F, to the parties reflected in the records maintained by the Debtors' transfer agents as of the close of business on the Record Date, which include, without limitation, the brokers, dealers, commercial banks, trust companies, or other nominees (collectively, the "Nominee Stockholders") through which the beneficial owners (collectively, the "Beneficial Stockholders") hold stock. The Debtors shall provide each Nominee Stockholder with reasonably sufficient copies of the Confirmation Hearing Notice and the notices of non voting status to distribute to the Beneficial Stockholders for whom such Nominee Stockholders hold stock. The Debtors shall be responsible for each such Nominee Stockholder's reasonable costs and expenses associated with the distribution of copies of the Confirmation Hearing Notice and notices of non-voting status to the Beneficial Stockholders; and it is further

ORDERED that except as otherwise provided herein, all Ballots and Master Ballots must be properly executed, completed, and delivered to BSI: (a) by mail, in the return envelope provided with each Ballot; (b) by overnight courier; or (c) by personal delivery so that they are received by BSI no later than 4:00 p.m., Eastern Time, on September 13, 2002 (the "Voting Deadline"); and it is further

ORDERED that solely for purposes of voting to accept or reject the Plan and not for the purpose of the allowance of, or distribution on account of, a claim and without prejudice to the rights of the Debtors in any other context, each claim within a class of claims entitled to

vote to accept or reject the Plan is to be temporarily allowed in an amount equal to the amount of such claim as set forth in a timely filed proof of claim, or, if no proof of claim was filed, the amount of such claim as set forth in the Debtors' Schedules of Assets and Liabilities, dated December 5, 2001, and/or any amendment thereof (collectively, the "Schedules"), provided that:

- (a) If a claim is deemed allowed in accordance with the Plan, such claim is allowed for voting purposes in the deemed allowed amount set forth in the Plan, notwithstanding subparagraph (e) of this decretal paragraph;
- (b) If a claim for which a proof of claim has been timely filed is marked as contingent or unliquidated, the Debtors propose that such claim be temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, at \$1.00;
- (c) If a claim has been estimated or otherwise allowed for voting purposes by order of the Court, such claim is temporarily allowed in the amount so estimated or allowed by the Court for voting purposes only, and not for purposes of allowance or distribution;
- (d) If a claim is listed in the Schedules as contingent, unliquidated, or disputed, or scheduled in the amount of zero or undetermined, and a proof of claim was not (i) filed by the applicable bar date for the filing of proofs of claim established by the Court or (ii) deemed timely filed by an order of the Court prior to the Voting Deadline, unless the Debtors have consented in writing, such claim shall be disallowed for purposes of receiving notices regarding the Plan or voting on the Plan; and
- (e) If the Debtors have served an objection to a claim at least five (5) days before the Voting Deadline, such claim shall be temporarily disallowed for voting purposes only and not for purposes of allowance or distribution, except to the extent and in the manner as may be set forth in the objection; and it is further

ORDERED that if any claimant seeks to challenge the allowance or disallowance of its claim for voting purposes in accordance with the above procedures, such claimant is directed to serve on the Debtors and file with the Court on or before the tenth (10th) calendar day

after the later of: (a) service of the Confirmation Hearing Notice; and (b) service of notice of an objection, if any, to such claim, a motion for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such claim in a different amount for purposes of voting to accept or reject the Plan; and it is further

ORDERED that as to any creditor filing a motion pursuant to Bankruptcy Rule 3018(a), such creditor's Ballot shall not be counted unless temporarily allowed by the Court for voting purposes after notice and a hearing; and it is further

ORDERED that if no votes to accept or reject the Plan are received with respect to a particular class, such class is deemed to have voted to accept the Plan; and it is further

ORDERED that if a creditor casts more than one Ballot voting the same claim before the Voting Deadline, the last Ballot received before the Voting Deadline is deemed to reflect the voter's intent and thus to supersede any prior Ballots; and it is further

ORDERED that if a creditor submits a Ballot that is properly completed, executed, and timely returned to BSI, but does not indicate an acceptance or rejection of the Plan, or that indicates both an acceptance and rejection of the Plan, such creditor shall be deemed to have voted to accept the Plan; and it is further

ORDERED that creditors must vote all of their claim(s) within a particular class under the Plan, whether or not such claims are asserted against the same or multiple Debtors, either to accept or reject the Plan and may not split their vote(s), and thus a Ballot that partially rejects and partially accepts the Plan and allocates portions of one or more claims in such manner will be deemed to be a vote to accept the Plan; and it is further

ORDERED that the following types of Ballots will not be counted in determining whether the Plan has been accepted or rejected: (a) any Ballot received after the Voting

Deadline unless the Debtors shall have granted, in writing, an extension of the Voting Deadline with respect to such Ballot at any time; (b) any Ballot that is illegible or contains insufficient information to permit the identification of the claimant or interest holder; (c) any Ballot cast by a person or entity that does not hold a claim in a class that is entitled to vote to accept or reject the Plan; (d) any Ballot cast for a claim identified as unliquidated, contingent, or disputed for which no proof of claim was timely filed or deemed timely filed; (e) any unsigned Ballot; and (f) any Ballot transmitted to BSI by facsimile unless the Debtors shall have agreed, in writing, to the Ballot being transmitted by facsimile; and it is further

ORDERED that the Confirmation Hearing will be held at 10:00 a.m. Eastern Time on September 23, 2002; *provided, however*, that the Confirmation Hearing may be continued from time to time as appropriate by the Court without further notice except for adjournments announced in open court; and it is further

ORDERED that any objections to confirmation of the Plan must: (a) be in writing; (b) state the name and address of the objecting party and the nature of the claim or interest of such party; (c) state with particularity the basis and nature of any objection or proposed modification; and (d) be filed, together with proof of service, with the Court and served so that they are actually received by: (i) the Clerk of the Court; (ii) Debtors' counsel, (iii) counsel for Bank of America, N.A. ("Bank of America"); (iv) counsel for Matlin Patterson Global Advisers LLC and Matlin Patterson Global Opportunities Partners L.P. (collectively, "GOF") and Stonehill Capital Management LLC ("Stonehill"); (v) counsel for Travelers Casualty & Surety Company of America ("Travelers"); (vi) counsel for the Committee; and (vii) the U.S. Trustee, at the addresses set forth in the Confirmation Hearing Notice, no later than 12:00 midnight Eastern Time on September 13, 2002; and it is further

ORDERED that objections to confirmation of the Plan, if any, not timely filed and served strictly in the manner set forth above ~~shall~~^{may} not be considered and ~~shall~~^{may} be overruled; and it is further

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ORDERED that the Debtors, Bank of America, GOF, Stonehill and Travelers are authorized to file replies to any objections to confirmation and serve such replies no later than 12:00 midnight on September 19, 2002; and it is further;

ORDERED that the form of Confirmation Hearing Notice, a copy of which is annexed to the Motion as Exhibit A, is approved; and it is further

ORDERED that the date this Order is entered shall be the Record Date for purposes of determining which creditors are entitled to vote on the Plan; and it is further

ORDERED that the Debtors are directed to mail or cause to be mailed solicitation packages containing a copy of this Order (without any exhibits annexed hereto), the Confirmation Hearing Notice, the Disclosure Statement, and the Plan (the "Solicitation Packages"), by August 14, 2002, to: (a) the U.S. Trustee; (b) counsel for Bank of America, counsel for GOF and Stonehill and counsel for Travelers; (c) counsel for the Committee; (d) each person or entity that filed a proof of claim on or before the date of the Disclosure Statement Hearing, except if such claim was paid pursuant to, or expunged by, a prior order of the Bankruptcy Court; (e) each person or entity listed in the Schedules as holding an liquidated, noncontingent and undisputed claim, in an amount greater than zero, except if such claim was paid pursuant to, or expunged by, a prior order of the Bankruptcy Court; (f) all other parties in interest that have filed a request for notice pursuant to Bankruptcy Rule 2002 in the Debtors' chapter 11 cases; (g) the Securities and Exchange Commission (the "SEC"); (h) the Internal Revenue Service (the "IRS"); (i) the Department of Justice (the "DOJ"); (j) the Non-Debtor

Subsidiaries (as defined in the Plan); (k) any other known holders of claims against the Debtors; and (l) all Master Ballot Agents; *provided, however*, that the Debtors are not required to distribute copies of the Plan and Disclosure Statement to any holder of an unimpaired claim in Classes 1, 2, 3, 4 or 5, unless such party makes a specific request in writing for the same; and it is further

ORDERED that, in addition, holders of claims in classes entitled to vote to accept or reject the Plan shall receive, as part of their Solicitation Packages, a Ballot and a Ballot return envelope; and it is further

ORDERED that, pursuant to Bankruptcy Rule 3017(d), Solicitation Packages for holders of claims against any Debtors in a class under the Plan that is conclusively presumed to accept the Plan under section 1126(f) of the Bankruptcy Code will include an applicable notice of non-voting status and will not include a Ballot or copies of the Plan and Disclosure Statement; and it is further

ORDERED that the Debtors shall not be required to deliver Solicitation Packages to holders of claims against or equity interests in any Debtors in a class under the Plan that is conclusively presumed to reject the Plan under section 1126(g) of the Bankruptcy Code; provided that the Debtors shall be required to send to such holders a Confirmation Hearing Notice and an applicable notice of non-voting status; and it is further

ORDERED that the Debtors are authorized to exclude the Plan Supplement from the Solicitation Packages but shall post the Plan Supplement on www.railworks.com and serve the Plan Supplement on counsel to Bank of America, counsel to GOF and Stonehill, counsel to Travelers, counsel to the Committee, the U.S. Trustee, the SEC, the IRS, and the DOJ at least five (5) days before the Voting Deadline; and it is further

ORDERED that the Debtors shall make copies of the Plan Supplement available to parties in interest upon such parties' written request to BSI; and it is further

ORDERED that the Debtors shall publish the Confirmation Hearing Notice not less than twenty-five (25) days before the last date to object to confirmation of the Plan in the national editions of *The New York Times* and *The Baltimore Sun*; and it is further

ORDERED that, with respect to addresses from which Disclosure Statement Notices or notices of the bar date were returned as undeliverable by the United States Postal Service, the Debtors are excused from mailing Solicitation Packages to those entities listed at such addresses unless the Debtors are provided with accurate addresses for such entities before the Solicitation Date and that failure to mail Solicitation Packages to such entities will not constitute inadequate notice of the Confirmation Hearing, the Voting Deadline, or violation of Bankruptcy Rule 3017(d); and it is further

ORDERED that the Debtors are authorized to take or refrain from taking any action necessary or appropriate to implement the terms of and the relief granted in this Order without seeking further order of the Court; and it is further

ORDERED that the Debtors are authorized to make non-substantive changes to the Disclosure Statement, the Plan, and related documents without further order of the Court, including, without limitation, changes to correct typographical and grammatical errors, changes to update projected claims and recovery estimates, and to make conforming changes among the Disclosure Statement, the Plan, and any other materials in the Solicitation Package prior to their

mailing. To the extent any of the documents annexed hereto as exhibits are inconsistent with any provision of this Order, prior to solicitation the Debtors shall modify such documents as appropriate to conform with this Order.



Hon. E. Stephen Derby
UNITED STATES BANKRUPTCY JUDGE

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